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9 September 1953

**MEMORANDUM FOR: Project Review Committee**

**THROUGH: Deputy Director (Intelligence)**

**SUBJECT: Appraisal of Research Projects of the  
[REDACTED] 1951-1953**

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1. At its meeting on 12 August 1953, the Project Review Committee requested, "OIC to review completed [REDACTED] projects so as to evaluate the worth of the service, this review to include scrutiny of [REDACTED] overhead costs." In addition, "the Comptroller was requested to review the question of whether unvouchered funds should be used." (PRC Record of Action)

Appraisal of [REDACTED] Research Projects

2. The following materials were used in appraising [REDACTED] research products:

a. Reports by various agencies made on specific [REDACTED] projects shortly after their completion (taken from OIC files).

b. Responses to letters requesting information about the use and worth of specific [REDACTED] projects, as well as about the worth of [REDACTED] activity as a whole. When necessary, these responses were supplemented by oral reports elicited from various offices and agencies by OIC. The letters and oral inquiries included the following questions:

(1) To what extent have you and your staff used the studies?

(2) What specific parts of this study have directly influenced your operations, programs or planning?

(3) Would you have recommended expenditure of your agency's funds to assist in the production of this study or any part of it?

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(4) In your opinion, is the conduct of such research by academic institutions a worthwhile object for governmental financing? If your answer is in the affirmative, what criteria do you think should be applied to the use of government funds?

c. Extent of appraisal survey: Opinions of the following organizations are included in this appraisal:

CIA (various offices in DD/I and DD/P; the General Counsel; the Office of Training)

P&B

Army (G-2, the Office of the Chief of Psychological Warfare and the Human Resources Research Office)

Navy (ONI)

Air Force (AFOIN)

State (OIR, DRS and HICOG)

d. Results of Appraisal:

25X1A5a1 Virtually all of the offices questioned had made some use of [redacted] studies. Within CIA the sponsoring Office usually found the studies to be of greatest value. Other Offices as well as other agencies made varying use of the studies. For example, one study was labeled, "Required Reading" for all personnel, while other studies were used as background material. The 25X1A5a1 influence of [redacted] projects on the work of offices and agencies was usually described as "indirect" or "secondary" except in the case of sponsoring offices.

25X1A5a1 Opinion among the offices and agencies polled as to the value of [redacted] research in particular, and academic research in the social sciences in general, was favorable. Most respondents said that they would have recommended the use of their own agency's funds for the particular projects to which they have had access. In a few instances, respondents indicated that they would recommend the expenditure of their own agency's money for academic external research problems of the type here considered only if they were assured that the studies would be tailored to fit their own requirements.

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The most serious criticism levelled at [ ] research projects to date came from Offices of CIA engaged in specific operational tasks. They felt that [ ] research was aimed at the level of policy-makers to a large extent and to the extent that that was true, the use of the research for their purposes was limited. 25X1A5a1

A warning was voiced by some respondents to the effect that academic external research was not to be used as a means to circumvent agency personnel shortages. One respondent in particular insisted that every effort should be made by CIA or other government agencies to perform required government research themselves before external research contracts are let.

The general consensus of respondents who were asked to comment on the probable future usefulness of [ ] research was that they felt it would be useful, particularly if [ ] researchers and agency personnel worked closely together, both in framing terms of reference and working out other details of research projects step by step from the initial stages to the final report. No respondent indicated a feeling that the activities of [ ] should cease. 25X1A5a1 25X1A5a1

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Copies of written responses used in this survey are attached to the chairman's copy of this memorandum.

c. Conclusions from Appraisal:

On the basis of the opinions collected from the requesters of [ ] research and those who have had the product made available to them, CIC reaches the following conclusions: 25X1A5a1

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- (1) That on balance [ ] research has made a unique contribution to the government by suggestions flowing from its analysts, by its independent confirmation of the thinking in the government with regard to important problems, and by bringing together into a manageable form much useful material which would not likely have been assembled by the government. 25X1A5a1

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(2) That while a number of qualified respondents have stated that they would have recommended expenditure of the funds on the basis of performance with respect to specific projects, it is recognized that such judgments arise from different appreciations of the value of the government dollar. This Office cannot say that with less dollars available this research would have been justified or that the national security would have been jeopardized without it.

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(3) That it should be recognized that [redacted] research is frankly experimental. It is an attempt to overcome some of the limitations of bureaucracy by providing stimulation, criticism and suggestion from outside experts.

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(4) That, on the basis of this appraisal the budgetary reduction recommended by OIC from [redacted] for FY '53 to [redacted] for FY '54, and approved by the agency with corresponding reduction in administrative expenses, should not be altered.

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(5) OIC, with the assistance of offices and agencies using 25X1A5a1 [redacted] research, will continue its appraisal of the results and will pay particular attention to the criticisms and suggestions brought out in the appraisal recently completed in connection with its general supervision of future [redacted] research. 5X1A5a1

**Scrutiny of [redacted] Expenditures**

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3. The expenditures of [redacted] have been scrutinized by three agencies:

a. The Planning and Field Audit Branch, Finance Division, Office of the Comptroller. A copy of the interim audit on Contract R-20 covering the period 1 April 1951 to 30 December 1952 is attached to the chairman's copy of this memorandum. The results of this audit were in general satisfactory. Certain minor costs were suspended pending further examination and conferences between 25X1A5a1 [redacted] personnel and the Audit Branch.

b. The U. S. Navy Department, Bureau of Supplies and Accounts (Cost Inspection Service), which periodically determines

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the overhead rate of [REDACTED] The rate from 1 July 1951 to 30 June 1952 was fixed by the Bureau at 46% of direct salaries and wages for "on-campus" work. For the period 1 July 1952 through 30 June 1953 the rate was fixed at 36.7%. The rate for fiscal year 1954, which will be fixed by sometime in the Spring of 1954, is presently estimated to be 46%.

c. OIC, which reviews the wisdom as contrasted to the legality of expenditures month by month. By and large only minor questions have been raised as a result of this review, most of which have been satisfactorily answered.

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d. Conclusions on Scrutiny of [REDACTED] Expenditures: That [REDACTED] expenditures for the services rendered are reasonable. 25X1A5a1

#### Use of Unvouchered Funds

4. The Comptroller, in conference with members of his staff and the staff of the Security Office, has determined that the use of unvouchered funds by [REDACTED] is no longer warranted.

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Conclusion on Use of Unvouchered Funds: That vouchered funds should be used.

#### Recommendations:

5. (a) That this paper be considered a fulfillment of the assignment given OIC and that PAC proceed to a consideration of the request for administrative expenses for [REDACTED] and other [REDACTED] projects on the agenda.

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(b) That vouchered, instead of unvouchered funds should be used for [REDACTED]

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